

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 1758**

(SENATE AUTHORS: WEBER)

DATE  
02/27/2019

D-PG  
547 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxes; property taxes; making changes to homestead determinations;  
1.3 amending Minnesota Statutes 2018, section 273.124.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2018, section 273.124, is amended to read:

1.6 **273.124 HOMESTEAD DETERMINATION; SPECIAL RULES.**

1.7 Subdivision 1. **General rule.** ~~(a) Residential real estate that is occupied and used for~~  
1.8 ~~the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential~~  
1.9 ~~homestead.~~

1.10 ~~Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used~~  
1.11 ~~as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.~~

1.12 The provisions of this subdivision apply to all homesteads under this section.

1.13 Dates for establishment of a residential homestead or agricultural homestead and  
1.14 homestead treatment provided to particular types of property are as provided in this section.

1.15 Property held by a trustee under a trust is eligible for residential homestead or agricultural  
1.16 homestead classification if the requirements under this chapter are satisfied.

1.17 The assessor shall require proof, as provided in subdivision 13, of the facts upon which  
1.18 classification as a residential homestead or agricultural homestead may be determined.

1.19 Notwithstanding any other law, the assessor may at any time require a homestead application  
1.20 to be filed in order to verify that any property classified as a residential homestead or  
1.21 agricultural homestead continues to be eligible for residential homestead or agricultural  
1.22 homestead status. Notwithstanding any other law to the contrary, the Department of Revenue

2.1 may, upon request from an assessor, verify whether an individual who is requesting or  
2.2 receiving residential homestead or agricultural homestead classification has filed a Minnesota  
2.3 income tax return as a resident for the most recent taxable year for which the information  
2.4 is available.

2.5 When there is a name change or a transfer of residential homestead or agricultural  
2.6 homestead property, the assessor may reclassify the property in the next assessment unless  
2.7 a homestead application is filed to verify that the property continues to qualify for homestead  
2.8 classification.

2.9 (b) For purposes of this section, residential homestead or agricultural homestead property  
2.10 shall include property which is used for purposes of the homestead but is separated from  
2.11 the homestead by a road, street, lot, waterway, or other similar intervening property. The  
2.12 term "used for purposes of the homestead" shall include but not be limited to uses for  
2.13 gardens, garages, or other outbuildings commonly associated with a homestead, but shall  
2.14 not include vacant land held primarily for future development. In order to receive residential  
2.15 homestead or agricultural homestead treatment for the noncontiguous property, the owner  
2.16 must use the property for the purposes of the homestead, and must apply to the assessor,  
2.17 both by the deadlines given in subdivision 9. After initial qualification for the residential  
2.18 homestead or agricultural homestead treatment, additional applications for subsequent years  
2.19 are not required.

2.20 (c) For purposes of this section, "agricultural property" means class 2a property and any  
2.21 class 2b property that is contiguous to and under the same ownership as the class 2a property  
2.22 as defined in section 273.13, subdivision 23, including the house, garage, and other farm  
2.23 buildings and structures.

2.24 (d) If a single-family home, duplex, or triplex classified as either residential homestead  
2.25 or agricultural homestead is also used to provide licensed child care, the portion of the  
2.26 property used for licensed child care must be classified as a part of the homestead property.

2.27 (e) Property that would be included as part of the residential homestead or agricultural  
2.28 homestead under this subdivision or under section 273.13, subdivision 23, if it were titled  
2.29 in the name of the owner, is included in the residential homestead or agricultural homestead  
2.30 if it is titled in the name of:

2.31 (1) the owner's spouse;

2.32 (2) a revocable trust with respect to which the owner, the owner's spouse, or both are  
2.33 the grantors and primary beneficiaries during any period that the trust is revocable; or

3.1 (3) a trust described under subdivision 21 with respect to which the owner's current  
3.2 spouse or predeceased spouse was a grantor during any period that the owner is the current  
3.3 or primary beneficiary of the trust.

3.4 Subd. 1a. **Owner-occupied homesteads.** (a) Residential real estate that is occupied and  
3.5 used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a  
3.6 residential homestead.

3.7 (b) Agricultural property that is occupied and used as a homestead by its owner, who  
3.8 must be a Minnesota resident, is an agricultural homestead.

3.9 (c) In the case of property owned by a property owner who is married, the assessor must  
3.10 not deny residential homestead or agricultural homestead treatment in whole or in part if  
3.11 only one of the spouses occupies the property and the other spouse is absent due to:

3.12 (1) marriage dissolution proceedings;

3.13 (2) legal separation;

3.14 (3) employment or self-employment in another location; or

3.15 (4) other personal circumstances causing the spouses to live separately, not including  
3.16 an intent to obtain two residential homestead classifications or two agricultural homestead  
3.17 classifications for property tax purposes.

3.18 To qualify under clause (3), the spouse's place of employment or self-employment must be  
3.19 at least 50 miles distant from the other spouse's place of employment, and the homesteads  
3.20 must be at least 50 miles distant from each other.

3.21 (d) The assessor must not deny residential homestead or agricultural homestead treatment  
3.22 in whole or in part if:

3.23 (1) in the case of a property owner who is not married, the owner is absent due to  
3.24 residence in a nursing home, a boarding care facility, or an elderly assisted living facility  
3.25 property as defined in section 273.13, subdivision 25a, and the property is not otherwise  
3.26 occupied; or

3.27 (2) in the case of a property owner who is married, the owner or the owner's spouse or  
3.28 both are absent due to residence in a nursing home, a boarding care facility, or an elderly  
3.29 assisted living facility property as defined in section 273.13, subdivision 25a, and the property  
3.30 is not occupied or is occupied only by the owner's spouse.

3.31 (e) If an individual is purchasing property with the intent of claiming it as a residential  
3.32 homestead or agricultural homestead and is required by the terms of the financing agreement

4.1 to have a relative shown on the deed as a co-owner, the assessor shall allow a full residential  
 4.2 homestead or agricultural homestead classification as applicable, without regard to whether  
 4.3 the relative claims a separate residential homestead or agricultural homestead. This provision  
 4.4 applies only to first-time purchasers, whether married or single, or to a person who had  
 4.5 previously been married and is purchasing as a single individual for the first time. The  
 4.6 application for homestead benefits must be on a form prescribed by the commissioner and  
 4.7 must contain the data necessary for the assessor to determine if full homestead benefits are  
 4.8 warranted.

4.9 Subd. 1b. **Relative homesteads.** ~~(e)~~ (a) Residential real estate that is occupied and used  
 4.10 for purposes of a homestead by a relative of the owner is a residential homestead but only  
 4.11 to the extent of the residential homestead treatment that would be provided if the related  
 4.12 owner occupied the property. For purposes of this paragraph and subdivision 1a, paragraph  
 4.13 ~~(g)~~ (e), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild,  
 4.14 brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage.  
 4.15 Property that has been classified as seasonal residential recreational property at any time  
 4.16 during which it has been owned by the current owner or spouse of the current owner will  
 4.17 not be reclassified as a residential homestead unless it is occupied as a homestead by the  
 4.18 owner; this prohibition also applies to property that, in the absence of this paragraph, would  
 4.19 have been classified as seasonal residential recreational property at the time when the  
 4.20 residence was constructed. Neither the related occupant nor the owner of the property may  
 4.21 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In  
 4.22 the case of a residence located on agricultural land, only the house, garage, and immediately  
 4.23 surrounding one acre of land shall be classified as a residential homestead under this  
 4.24 paragraph, except as provided in paragraph ~~(d)~~ (b).

4.25 ~~(d)~~ (b) Agricultural property that is occupied and used for purposes of a homestead by  
 4.26 a relative of the owner, is a an agricultural homestead, only to the extent of the agricultural  
 4.27 homestead treatment that would be provided if the related owner occupied the property,  
 4.28 and only if all of the following criteria are met:

4.29 (1) the relative who is occupying the agricultural property is a grandchild, child, stepchild,  
 4.30 sibling, ~~or parent~~, or stepparent of the owner of the agricultural property or of the spouse  
 4.31 of the owner;

4.32 (2) the owner of the agricultural property must be a Minnesota resident;

4.33 (3) the owner of the agricultural property must not receive agricultural homestead  
 4.34 treatment on any other agricultural property in Minnesota; and

5.1 (4) the owner of the agricultural property is limited to only one agricultural homestead  
5.2 per family under this paragraph.

5.3 Neither the related occupant nor the owner of the property may claim a property tax  
5.4 refund under chapter 290A for a homestead occupied by a relative qualifying under this  
5.5 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,  
5.6 other farm buildings and structures, and agricultural land.

5.7 Application must be made to the assessor by the owner of the agricultural property to  
5.8 receive agricultural homestead benefits under this paragraph. The assessor may require the  
5.9 necessary proof that the requirements under this paragraph have been met.

5.10 ~~(e) In the case of property owned by a property owner who is married, the assessor must~~  
5.11 ~~not deny homestead treatment in whole or in part if only one of the spouses occupies the~~  
5.12 ~~property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)~~  
5.13 ~~legal separation, (3) employment or self-employment in another location, or (4) other~~  
5.14 ~~personal circumstances causing the spouses to live separately, not including an intent to~~  
5.15 ~~obtain two homestead classifications for property tax purposes. To qualify under clause (3),~~  
5.16 ~~the spouse's place of employment or self-employment must be at least 50 miles distant from~~  
5.17 ~~the other spouse's place of employment, and the homesteads must be at least 50 miles distant~~  
5.18 ~~from each other.~~

5.19 ~~(f) The assessor must not deny homestead treatment in whole or in part if:~~

5.20 ~~(1) in the case of a property owner who is not married, the owner is absent due to~~  
5.21 ~~residence in a nursing home, boarding care facility, or an elderly assisted living facility~~  
5.22 ~~property as defined in section 273.13, subdivision 25a, and the property is not otherwise~~  
5.23 ~~occupied; or~~

5.24 ~~(2) in the case of a property owner who is married, the owner or the owner's spouse or~~  
5.25 ~~both are absent due to residence in a nursing home, boarding care facility, or an elderly~~  
5.26 ~~assisted living facility property as defined in section 273.13, subdivision 25a, and the property~~  
5.27 ~~is not occupied or is occupied only by the owner's spouse.~~

5.28 ~~(g) If an individual is purchasing property with the intent of claiming it as a homestead~~  
5.29 ~~and is required by the terms of the financing agreement to have a relative shown on the deed~~  
5.30 ~~as a co-owner, the assessor shall allow a full homestead classification. This provision only~~  
5.31 ~~applies to first-time purchasers, whether married or single, or to a person who had previously~~  
5.32 ~~been married and is purchasing as a single individual for the first time. The application for~~  
5.33 ~~homestead benefits must be on a form prescribed by the commissioner and must contain~~  
5.34 ~~the data necessary for the assessor to determine if full homestead benefits are warranted.~~

6.1 ~~(h)~~ (c) If residential or agricultural real estate is occupied and used for purposes of a  
 6.2 homestead by a child of a deceased owner and the property is subject to jurisdiction of  
 6.3 probate court, the child shall receive relative residential homestead or agricultural homestead  
 6.4 classification under paragraph ~~(e)~~ (a) or ~~(d)~~ (b) to the same extent they would be entitled to  
 6.5 it if the owner was still living, until the probate is completed. For purposes of this paragraph,  
 6.6 "child" includes a relationship by blood or by marriage.

6.7 ~~(i) If a single-family home, duplex, or triplex classified as either residential homestead~~  
 6.8 ~~or agricultural homestead is also used to provide licensed child care, the portion of the~~  
 6.9 ~~property used for licensed child care must be classified as a part of the homestead property.~~

6.10 Subd. 2. **Planned communities; common elements; condominiums; cooperatives.** (a)  
 6.11 The total value of planned community common elements, as defined in chapter 515B,  
 6.12 including the value added as provided in this paragraph, must have the benefit of residential  
 6.13 homestead treatment or other special classification if the unit in the planned community  
 6.14 otherwise qualifies. The value of a planned community unit, as defined in chapter 515B,  
 6.15 must be increased by the value added by the right to use any common elements in connection  
 6.16 with the planned community. The common elements of the development must not be  
 6.17 separately taxed.

6.18 (b) Condominium property qualifying as a residential homestead under section  
 6.19 515A.1-105 and property owned by a cooperative association that qualifies as a homestead  
 6.20 must have the benefit of residential homestead treatment or other special classification if  
 6.21 the condominium or cooperative association property otherwise qualifies.

6.22 (c) If a unit in a common interest community is owned by the occupant and used for the  
 6.23 purposes of a homestead but is located upon land which is leased, that leased land must be  
 6.24 valued and assessed as if it were residential homestead property within class 1 if all of the  
 6.25 following criteria are met:

6.26 (1) the occupant is using the unit as a permanent residence;

6.27 (2) the occupant or the cooperative association is paying the ad valorem property taxes  
 6.28 and any special assessments levied against the land and structure;

6.29 (3) the occupant or the cooperative association has signed a land lease; and

6.30 (4) the term of the land lease is at least 50 years, notwithstanding the fact that the amount  
 6.31 of the rental payment may be renegotiated at shorter intervals.

6.32 Subd. 3. **Cooperatives and charitable corporations; homestead and other**  
 6.33 **property.** (a) When property is owned by a corporation or association organized under

7.1 chapter 308A or 308B, and each person who owns a share or shares in the corporation or  
7.2 association is entitled to occupy a building on the property, or a unit within a building on  
7.3 the property, the corporation or association may claim residential homestead treatment for  
7.4 each dwelling, or for each unit in the case of a building containing several dwelling units,  
7.5 or for the part of the value of the building occupied by a shareholder. Each building or unit  
7.6 must be designated by legal description or number. The net tax capacity of each building  
7.7 or unit that qualifies for assessment as a residential homestead under this subdivision must  
7.8 include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted.  
7.9 The net tax capacity of the property is the sum of the net tax capacities of each of the  
7.10 respective buildings or units comprising the property, including the net tax capacity of each  
7.11 unit's or building's proportionate share of the land and any common buildings. To qualify  
7.12 for the treatment provided by this subdivision, the corporation or association must be wholly  
7.13 owned by persons having a right to occupy a building or unit owned by the corporation or  
7.14 association. A charitable corporation organized under the laws of Minnesota and not  
7.15 otherwise exempt thereunder with no outstanding stock qualifies for residential homestead  
7.16 treatment with respect to member residents of the dwelling units who have purchased and  
7.17 hold residential participation warrants entitling them to occupy the units.

7.18 (b) To the extent provided in paragraph (a), a cooperative or corporation organized under  
7.19 chapter 308A or 308B may obtain separate assessment and valuation, and separate property  
7.20 tax statements for each residential homestead, residential nonhomestead, or for each seasonal  
7.21 residential recreational building or unit not used for commercial purposes. The appropriate  
7.22 classification rates under section 273.13 shall be applicable as if each building or unit were  
7.23 a separate tax parcel; provided, however, that the tax parcel which exists at the time the  
7.24 cooperative or corporation makes application under this subdivision shall be a single parcel  
7.25 for purposes of property taxes or the enforcement and collection thereof, other than as  
7.26 provided in paragraph (a) or this paragraph.

7.27 (c) A member of a corporation or association may initially obtain the separate assessment  
7.28 and valuation and separate property tax statements, as provided in paragraph (b), by applying  
7.29 to the assessor by June 30 of the assessment year.

7.30 (d) When a building, or dwelling units within a building, no longer qualify under  
7.31 paragraph (a) or (b), the current owner must notify the assessor within 30 days. Failure to  
7.32 notify the assessor within 30 days shall result in the loss of benefits under paragraph (a) or  
7.33 (b) for taxes payable in the year that the failure is discovered. For these purposes, "benefits  
7.34 under paragraph (a) or (b)" means the difference in the net tax capacity of the building or  
7.35 units which no longer qualify as computed under paragraph (a) or (b) and as computed

8.1 under the otherwise applicable law, times the local tax rate applicable to the building for  
8.2 that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the  
8.3 auditor of the difference in net tax capacity for the building or buildings in which units no  
8.4 longer qualify, and the auditor shall calculate the benefits under paragraph (a) or (b). Such  
8.5 amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the  
8.6 building's owner. The property owner may appeal the county's determination by serving  
8.7 copies of a petition for review with county officials as provided in section 278.01 and filing  
8.8 a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60  
8.9 days of the date of the notice from the county. The appeal shall be governed by the Tax  
8.10 Court procedures provided in chapter 271, for cases relating to the tax laws as defined in  
8.11 section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03,  
8.12 but including section 278.05, subdivision 2. If the amount of the benefits under paragraph  
8.13 (a) or (b) and penalty are not paid within 60 days, and if no appeal has been filed, the county  
8.14 auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list  
8.15 to be collected as part of the property taxes on the affected property.

8.16 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
8.17 is owned by a corporation or association organized under chapter 308A or 308B, and each  
8.18 person who owns a share or shares in the corporation or association is entitled to occupy a  
8.19 lot within the park, the corporation or association may claim residential homestead treatment  
8.20 for the park. Each lot must be designated by legal description or number, and each lot is  
8.21 limited to not more than one-half acre of land.

8.22 (b) The manufactured home park shall be entitled to residential homestead treatment if  
8.23 all of the following criteria are met:

8.24 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
8.25 property taxes and any special assessments levied against the land and structure either  
8.26 directly, or indirectly through dues to the corporation or association; and

8.27 (2) the corporation or association organized under chapter 308A or 308B is wholly  
8.28 owned by persons having a right to occupy a lot owned by the corporation or association.

8.29 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
8.30 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
8.31 qualifies for residential homestead treatment with respect to a manufactured home park if  
8.32 its members hold residential participation warrants entitling them to occupy a lot in the  
8.33 manufactured home park.



9.1 (d) "Residential homestead treatment" under this subdivision means the classification  
9.2 rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph  
9.3 (d), clause (5), item (ii). The homestead market value exclusion under section 273.13,  
9.4 subdivision 35, does not apply and the property taxes assessed against the park shall not be  
9.5 included in the determination of taxes payable for rent paid under section 290A.03.

9.6 Subd. 4. **Nonprofit corporations.** When a building containing several dwelling units  
9.7 is owned by an entity organized under chapter 317A and operating as a nonprofit corporation  
9.8 which enters into membership agreements with persons under which they are entitled to  
9.9 life occupancy in a unit in the building, residential homestead classification must be given  
9.10 to each unit so occupied and the entire building must be assessed in the manner provided  
9.11 in subdivision 3 for cooperatives and charitable corporations.

9.12 Subd. 5. **Continuing care facilities.** When a building containing several dwelling units  
9.13 is owned by an entity which is regulated under the provisions of chapter 80D and operating  
9.14 as a continuing care facility enters into residency agreements with persons who occupy a  
9.15 unit in the building and the residency agreement entitles the resident to occupancy in the  
9.16 building after personal assets are exhausted and regardless of ability to pay the monthly  
9.17 maintenance fee, residential homestead classification shall be given to each unit so occupied  
9.18 and the entire building shall be assessed in the manner provided in subdivision 3 for  
9.19 cooperatives and charitable corporations.

9.20 Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings  
9.21 which each contain several dwelling units is owned by a nonprofit corporation subject to  
9.22 the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the  
9.23 Internal Revenue Code, or a limited partnership which corporation or partnership operates  
9.24 the property in conjunction with a cooperative association, and has received public financing,  
9.25 residential homestead treatment may be claimed by the cooperative association on behalf  
9.26 of the members of the cooperative for each dwelling unit occupied by a member of the  
9.27 cooperative. The cooperative association must provide the assessor with the Social Security  
9.28 numbers of those members. To qualify for the treatment provided by this subdivision, the  
9.29 following conditions must be met:

9.30 (a) the cooperative association must be organized under chapter 308A or 308B and all  
9.31 voting members of the board of directors must be resident tenants of the cooperative and  
9.32 must be elected by the resident tenants of the cooperative;

9.33 (b) the cooperative association must have a lease for occupancy of the property for a  
9.34 term of at least 20 years, which permits the cooperative association, while not in default on

10.1 the lease, to participate materially in the management of the property, including material  
10.2 participation in establishing budgets, setting rent levels, and hiring and supervising a  
10.3 management agent;

10.4 (c) to the extent permitted under state or federal law, the cooperative association must  
10.5 have a right under a written agreement with the owner to purchase the property if the owner  
10.6 proposes to sell it; if the cooperative association does not purchase the property it is offered  
10.7 for sale, the owner may not subsequently sell the property to another purchaser at a price  
10.8 lower than the price at which it was offered for sale to the cooperative association unless  
10.9 the cooperative association approves the sale;

10.10 (d) a minimum of 40 percent of the cooperative association's members must have incomes  
10.11 at or less than 60 percent of area median gross income as determined by the United States  
10.12 Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal  
10.13 Revenue Code. For purposes of this clause, "member income" means the income of a member  
10.14 existing at the time the member acquires cooperative membership;

10.15 (e) if a limited partnership owns the property, it must include as the managing general  
10.16 partner a nonprofit organization operating under the provisions of chapter 317A and  
10.17 qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited  
10.18 partnership agreement must provide that the managing general partner have sufficient powers  
10.19 so that it materially participates in the management and control of the limited partnership;

10.20 (f) prior to becoming a member of a leasehold cooperative described in this subdivision,  
10.21 a person must have received notice that (1) describes leasehold cooperative property in plain  
10.22 language, including but not limited to the effects of classification under this subdivision on  
10.23 rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that  
10.24 copies of the articles of incorporation and bylaws of the cooperative association, the lease  
10.25 between the owner and the cooperative association, a sample sublease between the  
10.26 cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited  
10.27 partnership agreement, can be obtained upon written request at no charge from the owner,  
10.28 and the owner must send or deliver the materials within seven days after receiving any  
10.29 request;

10.30 (g) if a dwelling unit of a building was occupied on the 60th day prior to the date on  
10.31 which the unit became leasehold cooperative property described in this subdivision, the  
10.32 notice described in paragraph (f) must have been sent by first class mail to the occupant of  
10.33 the unit at least 60 days prior to the date on which the unit became leasehold cooperative  
10.34 property. For purposes of the notice under this paragraph, the copies of the documents

11.1 referred to in paragraph (f) may be in proposed version, provided that any subsequent  
11.2 material alteration of those documents made after the occupant has requested a copy shall  
11.3 be disclosed to any occupant who has requested a copy of the document. Copies of the  
11.4 articles of incorporation and certificate of limited partnership shall be filed with the secretary  
11.5 of state after the expiration of the 60-day period unless the change to leasehold cooperative  
11.6 status does not proceed;

11.7 (h) the county attorney of the county in which the property is located must certify to the  
11.8 assessor that the property meets the requirements of this subdivision;

11.9 (i) the public financing received must be from at least one of the following sources:

11.10 (1) tax increment financing proceeds used for the acquisition or rehabilitation of the  
11.11 building or interest rate write-downs relating to the acquisition of the building;

11.12 (2) government issued bonds exempt from taxes under section 103 of the Internal Revenue  
11.13 Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

11.14 (3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing  
11.15 Act;

11.16 (4) rental housing program funds under Section 8 of the United States Housing Act of  
11.17 1937, as amended, or the market rate family graduated payment mortgage program funds  
11.18 administered by the Minnesota Housing Finance Agency that are used for the acquisition  
11.19 or rehabilitation of the building;

11.20 (5) low-income housing credit under section 42 of the Internal Revenue Code;

11.21 (6) public financing provided by a local government used for the acquisition or  
11.22 rehabilitation of the building, including grants or loans from (i) federal community  
11.23 development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued  
11.24 under chapter 474A; or

11.25 (7) other rental housing program funds provided by the Minnesota Housing Finance  
11.26 Agency for the acquisition or rehabilitation of the building;

11.27 (j) at the time of the initial request for residential homestead classification or of any  
11.28 transfer of ownership of the property, the governing body of the municipality in which the  
11.29 property is located must hold a public hearing and make the following findings:

11.30 (1) that the granting of the residential homestead treatment of the apartment's units will  
11.31 facilitate safe, clean, affordable housing for the cooperative members that would otherwise  
11.32 not be available absent the homestead designation;

12.1 (2) that the owner has presented information satisfactory to the governing body showing  
12.2 that the savings garnered from the residential homestead designation of the units will be  
12.3 used to reduce tenant's rents or provide a level of furnishing or maintenance not possible  
12.4 absent the designation; and

12.5 (3) that the requirements of paragraphs (b), (d), and (i) have been met.

12.6 Residential homestead treatment must be afforded to units occupied by members of the  
12.7 cooperative association and the units must be assessed as provided in subdivision 3, provided  
12.8 that any unit not so occupied shall be classified and assessed pursuant to the appropriate  
12.9 class. No more than three acres of land may, for assessment purposes, be included with each  
12.10 dwelling unit that qualifies for residential homestead treatment under this subdivision.

12.11 When dwelling units no longer qualify under this subdivision, the current owner must  
12.12 notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result  
12.13 in the loss of benefits under this subdivision for taxes payable in the year that the failure is  
12.14 discovered. For these purposes, "benefits under this subdivision" means the difference in  
12.15 the net tax capacity of the units which no longer qualify as computed under this subdivision  
12.16 and as computed under the otherwise applicable law, times the local tax rate applicable to  
12.17 the building for that taxes payable year. Upon discovery of a failure to notify, the assessor  
12.18 shall inform the auditor of the difference in net tax capacity for the building or buildings in  
12.19 which units no longer qualify, and the auditor shall calculate the benefits under this  
12.20 subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be  
12.21 demanded of the building's owner. The property owner may appeal the county's determination  
12.22 by serving copies of a petition for review with county officials as provided in section 278.01  
12.23 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court  
12.24 within 60 days of the date of the notice from the county. The appeal shall be governed by  
12.25 the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as  
12.26 defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and  
12.27 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this  
12.28 subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the  
12.29 county auditor shall certify the amount of the benefit and penalty to the succeeding year's  
12.30 tax list to be collected as part of the property taxes on the affected buildings.

12.31 Subd. 6a. **Preliminary approval of leasehold cooperatives.** Preliminary approval for  
12.32 residential homestead classification as a leasehold cooperative may be granted to property  
12.33 when a developer proposes to construct one or more residential dwellings or buildings using  
12.34 funds provided by the Minnesota Housing Finance Agency if all of the following conditions  
12.35 are met:

13.1 (a) The developer must present an affidavit to the county attorney and to the governing  
13.2 body of the municipality that includes a statement of the developer's intention to comply  
13.3 with all requirements in subdivision 6 and a detailed description of the plan for doing so.

13.4 (b) The commissioner of the Minnesota Housing Finance Agency must provide the  
13.5 county attorney and governing body with a description of the financing and related terms  
13.6 the commissioner proposes to provide with respect to the project, together with an objective  
13.7 assessment of the likelihood that the project will comply with the requirements of subdivision  
13.8 6.

13.9 (c) The county attorney must review the materials provided under paragraphs (a) and  
13.10 (b), and may require the developer or the Minnesota Housing Finance Agency to provide  
13.11 additional information. If the county attorney determines that it is reasonably likely that the  
13.12 project will meet the requirements of this subdivision, the county attorney shall provide  
13.13 preliminary approval to treatment of the property as a leasehold cooperative.

13.14 (d) The governing body shall conduct a public hearing as provided in subdivision 6,  
13.15 paragraph (j), and make its preliminary findings based on the information provided by the  
13.16 developer and the Minnesota Housing Finance Agency.

13.17 Upon completion of the project and creation of the leasehold cooperative, actual  
13.18 compliance with the requirements of this subdivision must be demonstrated, and certified  
13.19 by the county attorney. A second hearing by the governing body is not required.

13.20 If the county attorney finds that the residential homestead treatment granted pursuant  
13.21 to a preliminary approval under this subdivision must be revoked because the completed  
13.22 project failed to meet the requirements of this subdivision, the benefits of the residential  
13.23 homestead treatment shall be recaptured. The county assessor shall determine the amount  
13.24 by which the tax imposed on the property was reduced because it was treated as a leasehold  
13.25 cooperative. The developer shall be charged an amount equal to the tax reduction received  
13.26 or, if the county attorney determines that the failure to meet the requirements was due to  
13.27 the developer's intentional disregard of the requirements, 150 percent of the tax reduction  
13.28 received. The penalty must be paid to the county treasurer within 90 days after receipt of a  
13.29 statement from the treasurer. The proceeds of the penalty shall be distributed to the local  
13.30 taxing jurisdictions in proportion to the amounts of their levies on the property.

13.31 Subd. 7. **Leased buildings or land.** For purposes of class 1 determinations, homesteads  
13.32 include:

14.1 (a) buildings and appurtenances owned and used by the occupant as a permanent residence  
 14.2 which are located upon land the title to which is vested in a person or entity other than the  
 14.3 occupant;

14.4 (b) all buildings and appurtenances located upon land owned by the occupant and used  
 14.5 for the purposes of a homestead together with the land upon which they are located, if all  
 14.6 of the following criteria are met:

14.7 (1) the occupant is using the property as a permanent residence;

14.8 (2) the occupant is paying the property taxes and any special assessments levied against  
 14.9 the property;

14.10 (3) the occupant has signed a lease which has an option to purchase the buildings and  
 14.11 appurtenances;

14.12 (4) the term of the lease is at least five years; and

14.13 (5) the occupant has made a down payment of at least \$5,000 in cash if the property was  
 14.14 purchased by means of a contract for deed or subject to a mortgage;

14.15 (c) all buildings and appurtenances and the land upon which they are located that are  
 14.16 used for purposes of a homestead, if all of the following criteria are met:

14.17 (1) the land is owned by a utility, which maintains ownership of the land in order to  
 14.18 facilitate compliance with the terms of its hydroelectric project license from the federal  
 14.19 Energy Regulatory Commission;

14.20 (2) the land is leased for a term of 20 years or more;

14.21 (3) the occupant is using the property as a permanent residence; and

14.22 (4) the occupant is paying the property taxes and any special assessments levied against  
 14.23 the property.

14.24 Any taxpayer meeting all the requirements of this paragraph must notify the county  
 14.25 assessor, or the assessor who has the powers of the county assessor pursuant to section  
 14.26 273.063, in writing, as soon as possible after signing the lease agreement and occupying  
 14.27 the buildings as a homestead.

14.28 Subd. 8. Agricultural homestead owned by qualified family entity or joint family  
 14.29 farm venture or leased to family farm corporation, joint farm venture, limited liability  
 14.30 company, or partnership corporate farm law-compliant entity. (a) Each family farm  
 14.31 corporation, qualified family entity and each joint family farm venture; and each limited  
 14.32 liability company or partnership which operates a family farm; is entitled to class 1b under

15.1 section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one agricultural  
 15.2 homestead occupied by a shareholder, member, or partner thereof who is residing on the  
 15.3 land, and actively engaged in farming of the ~~land~~ agricultural property owned by the ~~family~~  
 15.4 ~~farm corporation, joint family farm venture, limited liability company, or partnership~~  
 15.5 qualified family entity or joint family farm venture, in an individual capacity; on behalf of  
 15.6 the qualified family entity or joint family farm venture; or on behalf of a separate joint  
 15.7 family farm venture or other business organization that is in compliance with or exempt  
 15.8 from section 500.24, of which the person is also a shareholder, member, or partner.

15.9 Agricultural homestead treatment applies even if legal title to the property is in the name  
 15.10 of the ~~family farm corporation, qualified family entity or joint family farm venture, limited~~  
 15.11 ~~liability company, or partnership~~, and not in the name of the person residing on it.

15.12 "~~Family farm corporation,~~" "~~family farm,~~" and "~~partnership operating a family farm~~"  
 15.13 ~~have the meanings given in section 500.24, except that the number of allowable shareholders,~~  
 15.14 ~~members, or partners under this subdivision shall not exceed 12. "Limited liability company"~~  
 15.15 ~~has the meaning contained in sections 322C.0102, subdivision 12, and 500.24, subdivision~~  
 15.16 ~~2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among~~  
 15.17 ~~two or more farm enterprises authorized to operate a family farm under section 500.24.~~

15.18 (b) In addition to property specified in paragraph (a), any other residences owned by  
 15.19 ~~family farm corporations, qualified family entities or joint family farm ventures, limited~~  
 15.20 ~~liability companies, or partnerships~~ described in paragraph (a) which are located on  
 15.21 agricultural land and occupied as homesteads by its shareholders, members, or partners who  
 15.22 are actively engaged in farming ~~on behalf of that corporation,~~ the agricultural property  
 15.23 owned by the qualified family entity or joint family farm venture, limited liability company,  
 15.24 ~~or partnership~~ must also be assessed as class 2a property or as class 1b property under section  
 15.25 273.13.

15.26 (c) Agricultural property that is owned by a member, partner, or shareholder of a ~~family~~  
 15.27 ~~farm corporation~~ qualified family entity or joint family farm venture, ~~limited liability~~  
 15.28 ~~company operating a family farm, or by a partnership operating a family farm and leased~~  
 15.29 ~~to the family farm corporation, limited liability company, partnership,~~ a qualified family  
 15.30 entity or joint family farm venture, ~~as defined in paragraph (a),~~ is eligible for classification  
 15.31 as class 1b or class 2a under section 273.13, if the owner is actually residing on the property,  
 15.32 and is actually actively engaged in farming the land on behalf of that ~~corporation,~~ qualified  
 15.33 family entity or joint family farm venture, ~~limited liability company, or partnership.~~ This  
 15.34 paragraph applies without regard to any legal possession rights of the ~~family farm corporation,~~

16.1 qualified family entity or joint family farm venture, limited liability company, or partnership  
 16.2 under the lease.

16.3 (d) Each qualified family entity and joint family farm venture with one or more  
 16.4 homesteads classified as 1b or 2a property under paragraphs (a) and (b) is entitled to receive  
 16.5 the classification rate of 0.5 percent on that part of the market value of the qualified family  
 16.6 entity's or joint family farm venture's class 2 property equal to the first tier valuation limit  
 16.7 as defined in section 273.11, subdivision 23, multiplied by the number of homesteads to  
 16.8 which the qualified family entity or joint family farm venture is entitled under paragraphs  
 16.9 (a) and (b), but no more than the market value of all of the qualified family entity's or joint  
 16.10 venture's class 2 property.

16.11 ~~Nonhomestead~~ (e) Agricultural property that is owned by a family farm corporation,  
 16.12 qualified family entity or joint family farm venture, limited liability company, or partnership;  
 16.13 and located not farther than four townships or cities, or combination thereof, from agricultural  
 16.14 land property that is owned, and used for the purposes of a homestead by an individual who  
 16.15 is a shareholder, member, or partner of the corporation, venture, company, or partnership;  
 16.16 qualified family entity or joint family farm venture, is entitled to receive the first tier  
 16.17 homestead classification rate on any remaining market value in the first homestead class  
 16.18 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2  
 16.19 agricultural homestead property, if the owner, or someone acting on the owner's behalf  
 16.20 notifies the county assessor by July 1 that the property may be eligible under this paragraph  
 16.21 for the current assessment year, for taxes payable in the following year. As used in this  
 16.22 paragraph, "agricultural property" means property classified as 2a under section 273.13,  
 16.23 along with any contiguous property classified as 2b under section 273.13, if the contiguous  
 16.24 2a and 2b properties are under the same ownership included in an agricultural homestead  
 16.25 under this subdivision.

16.26 (f) For purposes of this section, "qualified family entity" means a family farm corporation,  
 16.27 family farm limited liability company, or family farm partnership as defined in section  
 16.28 500.24, or a partnership exempt from section 500.24, subdivision 3; except that the number  
 16.29 of allowable shareholders, members, or partners under this subdivision shall not exceed 12.

16.30 (g) For purposes of this section, "joint family farm venture" means a cooperative  
 16.31 agreement among two or more farm enterprises authorized to operate a family farm under  
 16.32 section 500.24.

16.33 (h) For purposes of this section, "actively engaged in farming" means participating in  
 16.34 the management or operation of the farm on a regular and substantial basis.



17.1 Subd. 9. **Homestead established after assessment date.** Any property that was not  
17.2 used for the purpose of a residential homestead or agricultural homestead on the assessment  
17.3 date, but which was used for the purpose of a residential homestead or agricultural homestead  
17.4 on December 1 of a year, constitutes class 1 or class 2a.

17.5 Any taxpayer meeting the requirements of this subdivision must notify the county  
17.6 assessor, or the assessor who has the powers of the county assessor under section 273.063,  
17.7 in writing, by December 15 of the year of occupancy in order to qualify under this  
17.8 subdivision. The assessor must not deny full residential homestead or agricultural homestead  
17.9 treatment to a property that is partially homesteaded on January 2 but occupied for the  
17.10 purpose of a full homestead on December 1 of a year.

17.11 The county assessor and the county auditor may make the necessary changes on their  
17.12 assessment and tax records to provide for proper homestead classification as provided in  
17.13 this subdivision.

17.14 If residential homestead or agricultural homestead classification has not been requested  
17.15 as of December 15, the assessor will classify the property as nonhomestead for the current  
17.16 assessment year for taxes payable in the following year, provided that the owner of any  
17.17 property qualifying under this subdivision, which has not been accorded the benefits of this  
17.18 subdivision, may be entitled to receive residential homestead or agricultural homestead  
17.19 classification by proper application as provided in section 375.192.

17.20 The county assessor may publish in a newspaper of general circulation within the county  
17.21 a notice requesting the public to file an application for homestead as soon as practicable  
17.22 after acquisition of a homestead, but no later than December 15.

17.23 The county assessor shall publish in a newspaper of general circulation within the county  
17.24 no later than December 1 of each year a notice informing the public of the requirement to  
17.25 file an application for homestead by December 15.

17.26 In the case of manufactured homes assessed as personal property, the homestead must  
17.27 be established, and a homestead classification requested, by May 29 of the assessment year.  
17.28 The assessor may include information on these deadlines for manufactured homes assessed  
17.29 as personal property in the published notice or notices.

17.30 Subd. 11. **Property classified as homestead and nonhomestead; reduction.** If the  
17.31 assessor has classified a property as both homestead and nonhomestead, the reductions in  
17.32 tax provided under sections 273.135 and 273.1391 apply to the value of both the homestead  
17.33 and the nonhomestead portions of the property.

18.1 Subd. 12. **Homestead of member of United States armed forces; Peace Corps;**  
18.2 **VISTA.** (a) Real estate actually occupied and used for the purpose of a homestead by a  
18.3 person, or by a member of that person's immediate family shall be classified as a residential  
18.4 homestead or agricultural homestead even though the person or family is absent if (1) the  
18.5 person or the person's family is absent solely because the person is on active duty with the  
18.6 armed forces of the United States, or is serving as a volunteer under the VISTA or Peace  
18.7 Corps program; (2) the owner intends to return as soon as discharged or relieved from  
18.8 service; and (3) the owner claims it as a residential homestead or agricultural homestead.  
18.9 A person who knowingly makes or submits to an assessor an affidavit or other statement  
18.10 that is false in any material matter to obtain or aid another in obtaining a benefit under this  
18.11 subdivision is guilty of a felony.

18.12 (b) In the case of a person who is absent solely because the person is on active duty with  
18.13 the United States armed forces, residential homestead or agricultural homestead classification  
18.14 must be granted as provided in this paragraph if the requirements of paragraph (a), clauses  
18.15 (1) to (3), are met, even if the property has not been occupied as a homestead by the person  
18.16 or a member of the person's family. To qualify for this classification, the person who acquires  
18.17 the property must notify the assessor of the acquisition and of the person's absence due to  
18.18 military service. When the person returns from military service and occupies the property  
18.19 as a homestead, the person shall notify the assessor, who will provide for abatement of the  
18.20 difference between the nonhomestead and residential homestead or agricultural homestead  
18.21 taxes for the current and two preceding years, not to exceed the time during which the person  
18.22 owned the property.

18.23 Subd. 13. **Homestead application.** (a) A person who meets the residential homestead  
18.24 or agricultural homestead requirements under ~~subdivision 1~~ this section must file a homestead  
18.25 application with the county assessor to initially obtain residential homestead or agricultural  
18.26 homestead classification.

18.27 (b) The commissioner shall prescribe the content, format, and manner of the homestead  
18.28 application required to be filed under this chapter pursuant to section 270C.30. The  
18.29 application must clearly inform the taxpayer that this application must be signed by all  
18.30 owners who occupy the property or by the qualifying relative and returned to the county  
18.31 assessor in order for the property to receive residential homestead or agricultural homestead  
18.32 treatment.

18.33 (c) Every property owner applying for residential homestead or agricultural homestead  
18.34 classification must furnish to the county assessor the Social Security number of each occupant  
18.35 who is listed as an owner of the property on the deed of record, the name and address of

19.1 each owner who does not occupy the property, and the name and Social Security number  
19.2 of each owner's spouse. The application must be signed by each owner who occupies the  
19.3 property and by each owner's spouse who occupies the property, or, in the case of property  
19.4 that qualifies as a residential homestead or agricultural homestead under subdivision ~~1~~ 1b,  
19.5 ~~paragraph (e)~~; by the qualifying relative.

19.6 If a property owner occupies a homestead, the property owner's spouse may not claim  
19.7 another property as a residential homestead or a separate agricultural homestead unless the  
19.8 property owner and the property owner's spouse file with the assessor an affidavit or other  
19.9 proof required by the assessor stating that the property qualifies as a homestead under  
19.10 subdivision ~~1~~ 1a, paragraph ~~(e)~~ (c).

19.11 Owners or spouses occupying residences owned by their spouses and previously occupied  
19.12 with the other spouse, either of whom fail to include the other spouse's name and Social  
19.13 Security number on the homestead application or provide the affidavits or other proof  
19.14 requested, will be deemed to have elected to receive only partial homestead treatment of  
19.15 their residence. The remainder of the residence will be classified as nonhomestead residential.  
19.16 When an owner or spouse's name and Social Security number appear on homestead  
19.17 applications for two separate residences and only one application is signed, the owner or  
19.18 spouse will be deemed to have elected to homestead the residence for which the application  
19.19 was signed.

19.20 (d) If ~~residential~~ real estate is occupied and used for purposes of a homestead by a relative  
19.21 of the owner and qualifies for a residential homestead or agricultural homestead under  
19.22 subdivision ~~1~~ 1b, paragraph ~~(e)~~ (a) or (b), in order for the property to receive homestead  
19.23 status, a homestead application must be filed with the assessor. The Social Security number  
19.24 of each relative occupying the property and the name and Social Security number of the  
19.25 spouse of a relative occupying the property shall be required on the homestead application  
19.26 filed under this subdivision. If a different relative of the owner subsequently occupies the  
19.27 property, the owner of the property must notify the assessor within 30 days of the change  
19.28 in occupancy. The Social Security number of a relative occupying the property or the spouse  
19.29 of a relative occupying the property is private data on individuals as defined by section  
19.30 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the  
19.31 purposes of proceeding under the Revenue Recapture Act to recover personal property taxes  
19.32 owing, to the county treasurer.

19.33 (e) The homestead application shall also notify the property owners that if the property  
19.34 is granted homestead status for any assessment year, that same property shall remain  
19.35 classified as homestead until the property is sold or transferred to another person, or the

20.1 owners, the spouse of the owner, or the relatives no longer use the property as their  
20.2 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
20.3 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
20.4 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
20.5 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
20.6 shall result in the penalty provided under this subdivision and the property will lose its  
20.7 current homestead status.

20.8 (f) If a homestead application has not been filed with the county by December 15, the  
20.9 assessor shall classify the property as nonhomestead for the current assessment year for  
20.10 taxes payable in the following year, provided that the owner may be entitled to receive the  
20.11 homestead classification by proper application under section 375.192.

20.12 Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give  
20.13 the commissioner a list that includes the name and Social Security number of each occupant  
20.14 of residential homestead and agricultural homestead property who is the property owner,  
20.15 property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying  
20.16 relative. The commissioner shall use the information provided on the lists as appropriate  
20.17 under the law, including for the detection of improper claims by owners, or relatives of  
20.18 owners, under chapter 290A.

20.19 Subd. 13b. **Improper homestead.** (a) If the commissioner finds that a property owner  
20.20 may be claiming a fraudulent residential homestead or agricultural homestead, the  
20.21 commissioner shall notify the appropriate counties. Within 90 days of the notification, the  
20.22 county assessor shall investigate to determine if the residential homestead or agricultural  
20.23 homestead classification was properly claimed. If the property owner does not qualify, the  
20.24 county assessor shall notify the county auditor who will determine the amount of homestead  
20.25 benefits that had been improperly allowed. For the purpose of this subdivision, "homestead  
20.26 benefits" means the tax reduction resulting from the classification as a residential homestead  
20.27 or agricultural homestead and the homestead market value exclusion under section 273.13,  
20.28 the taconite homestead credit under section 273.135, the agricultural homestead credit under  
20.29 section 273.1384, and the supplemental homestead credit under section 273.1391.

20.30 The county auditor shall send a notice to the person who owned the affected property  
20.31 at the time the homestead application related to the improper residential homestead or  
20.32 agricultural homestead was filed, demanding reimbursement of the homestead benefits plus  
20.33 a penalty equal to 100 percent of the homestead benefits. The person notified may appeal  
20.34 the county's determination by serving copies of a petition for review with county officials  
20.35 as provided in section 278.01 and filing proof of service as provided in section 278.01 with

21.1 the Minnesota Tax Court within 60 days of the date of the notice from the county.

21.2 Procedurally, the appeal is governed by the provisions in chapter 271 which apply to the  
21.3 appeal of a property tax assessment or levy, but without requiring any prepayment of the  
21.4 amount in controversy. If the amount of homestead benefits and penalty is not paid within  
21.5 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes  
21.6 and penalty to the county treasurer. The county treasurer will add interest to the unpaid  
21.7 homestead benefits and penalty amounts at the rate provided in section 279.03 for real  
21.8 property taxes becoming delinquent in the calendar year during which the amount remains  
21.9 unpaid. Interest may be assessed for the period beginning 60 days after demand for payment  
21.10 was made.

21.11 If the person notified is the current owner of the property, the treasurer may add the total  
21.12 amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes otherwise  
21.13 payable on the property by including the amounts on the property tax statements under  
21.14 section 276.04, subdivision 3. The amounts added under this paragraph to the ad valorem  
21.15 taxes shall include interest accrued through December 31 of the year preceding the taxes  
21.16 payable year for which the amounts are first added. These amounts, when added to the  
21.17 property tax statement, become subject to all the laws for the enforcement of real or personal  
21.18 property taxes for that year, and for any subsequent year.

21.19 If the person notified is not the current owner of the property, the treasurer may collect  
21.20 the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers  
21.21 granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the  
21.22 homestead benefits, penalty, interest, and costs, as if those amounts were delinquent tax  
21.23 obligations of the person who owned the property at the time the application related to the  
21.24 improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal  
21.25 liability for the homestead benefits, penalty, interest, and costs, and instead extend those  
21.26 amounts on the tax lists against the property as provided in this paragraph to the extent that  
21.27 the current owner agrees in writing. On all demands, billings, property tax statements, and  
21.28 related correspondence, the county must list and state separately the amounts of homestead  
21.29 benefits, penalty, interest and costs being demanded, billed or assessed.

21.30 (b) Any amount of homestead benefits recovered by the county from the property owner  
21.31 shall be distributed to the county, city or town, and school district where the property is  
21.32 located in the same proportion that each taxing district's levy was to the total of the three  
21.33 taxing districts' levy for the current year. Any amount recovered attributable to taconite  
21.34 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the  
21.35 taconite property tax relief account. Any amount recovered that is attributable to supplemental

22.1 homestead credit is to be transmitted to the commissioner of revenue for deposit in the  
22.2 general fund of the state treasury. The total amount of penalty collected must be deposited  
22.3 in the county general fund.

22.4 (c) If a property owner has applied for more than one residential homestead or more  
22.5 than one agricultural homestead and the county assessors cannot determine which property  
22.6 should be classified as residential homestead or which property should be classified as  
22.7 agricultural homestead, the county assessors will refer the information to the commissioner.  
22.8 The commissioner shall make the determination and notify the counties within 60 days.

22.9 Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner  
22.10 may ask the counties to furnish lists of all properties and the record owners. The Social  
22.11 Security numbers and federal identification numbers that are maintained by a county or city  
22.12 assessor for property tax administration purposes, and that may appear on the lists retain  
22.13 their classification as private or nonpublic data; but may be viewed, accessed, and used by  
22.14 the county auditor or treasurer of the same county for the limited purpose of assisting the  
22.15 commissioner in the preparation of microdata samples under section 270C.12. The  
22.16 commissioner shall use the information provided on the lists as appropriate under the law,  
22.17 including for the detection of improper claims by owners, or relatives of owners, under  
22.18 chapter 290A.

22.19 Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each  
22.20 county must provide the commissioner with the following data for each parcel of homestead  
22.21 property by electronic means as defined in section 289A.02, subdivision 8:

22.22 (1) the property identification number assigned to the parcel for purposes of taxes payable  
22.23 in the current year;

22.24 (2) the name and Social Security number of each occupant of homestead property who  
22.25 is the property owner or qualifying relative of a property owner, and the spouse of the  
22.26 property owner who occupies homestead property or spouse of a qualifying relative of a  
22.27 property owner who occupies homestead property;

22.28 (3) the classification of the property under section 273.13 for taxes payable in the current  
22.29 year and in the prior year;

22.30 (4) an indication of whether the property was classified as a homestead for taxes payable  
22.31 in the current year because of occupancy by a relative of the owner or by a spouse of a  
22.32 relative;

23.1 (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the  
23.2 current year and the prior year;

23.3 (6) the market value of improvements to the property first assessed for tax purposes for  
23.4 taxes payable in the current year;

23.5 (7) the assessor's estimated market value assigned to the property for taxes payable in  
23.6 the current year and the prior year;

23.7 (8) the taxable market value assigned to the property for taxes payable in the current  
23.8 year and the prior year;

23.9 (9) whether there are delinquent property taxes owing on the homestead;

23.10 (10) the unique taxing district in which the property is located; and

23.11 (11) such other information as the commissioner decides is necessary.

23.12 The commissioner shall use the information provided on the lists as appropriate under  
23.13 the law, including for the detection of improper claims by owners, or relatives of owners,  
23.14 under chapter 290A.

23.15 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten  
23.16 acres that is the agricultural homestead of its owner must be classified as class 2a under  
23.17 section 273.13, subdivision 23, paragraph (a), if:

23.18 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
23.19 agricultural land property, (ii) land owned or administered by the United States Fish and  
23.20 Wildlife Service, or (iii) land administered by the Department of Natural Resources on  
23.21 which in lieu taxes are paid under sections 477A.11 to 477A.14;

23.22 (2) its owner also owns a noncontiguous parcel of agricultural land property that is at  
23.23 least 20 acres;

23.24 (3) the noncontiguous land is located not farther than four townships or cities, or a  
23.25 combination of townships or cities from the homestead; and

23.26 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to  
23.27 at least 50 percent of the market value of the house, garage, and one acre of land.

23.28 Homesteads initially classified as class 2a under the provisions of this paragraph shall  
23.29 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining  
23.30 properties, as long as the homestead remains under the same ownership or is transferred to  
23.31 the spouse or surviving spouse of the current owner or a trust described in subdivision 1,  
23.32 paragraph (e), the owner owns a noncontiguous parcel of agricultural land property that is

24.1 at least 20 acres, and the agricultural use value qualifies under clause (4). Agricultural  
 24.2 homestead classification under this paragraph is limited to property that qualified under this  
 24.3 paragraph for the 1998 assessment.

24.4 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same  
 24.5 extent as other agricultural homestead property, if all of the following criteria are met:

24.6 (1) the agricultural property consists of at least 40 acres including undivided government  
 24.7 lots and correctional 40's;

24.8 (2) the owner, the owner's spouse, or a grandchild, child, stepchild, sibling, ~~or parent,~~  
 24.9 or stepparent of the owner or of the owner's spouse, is actively farming the agricultural  
 24.10 property, either on the person's own behalf as an individual or on behalf of a ~~partnership~~  
 24.11 ~~operating a family farm, family farm corporation, joint family farm venture, or limited~~  
 24.12 ~~liability company~~ or other business organization that is in compliance with or exempt from  
 24.13 section 500.24 of which the person is a partner, shareholder, or member;

24.14 (3) both the owner of the agricultural property and the person who is actively farming  
 24.15 the agricultural property under clause (2), are Minnesota residents;

24.16 (4) neither the owner nor the spouse of the owner claims another agricultural homestead  
 24.17 in Minnesota; and

24.18 (5) neither the owner nor the person actively farming the agricultural property lives  
 24.19 farther than four townships or cities, or a combination of four townships or cities, from the  
 24.20 agricultural property, except ~~that if the owner or the owner's spouse is required to live in~~  
 24.21 ~~employer-provided housing, the owner or owner's spouse, whichever is actively farming~~  
 24.22 ~~the agricultural property, may live more than four townships or cities, or combination of~~  
 24.23 ~~four townships or cities from the agricultural property~~ if subdivision 1a would apply to the  
 24.24 owner if the agricultural homestead were based on the owner's occupancy of the agricultural  
 24.25 property.

24.26 The relationship under this paragraph may be either by blood or marriage.

24.27 The owner is not required to be a partner, shareholder, or member of a partnership  
 24.28 operating a family farm, family farm corporation, joint family farm venture, or limited  
 24.29 liability company, unless the owner is also the person who is actively farming the agricultural  
 24.30 property.

24.31 (ii) Agricultural property held by a trustee under a trust is eligible for agricultural  
 24.32 homestead classification under this paragraph if the qualifications in clause (i) are met,



25.1 except that "owner" means the grantor of the trust and "owner's spouse" includes the surviving  
25.2 spouse of a deceased grantor of the trust.

25.3 (iii) Property containing the residence of an owner who owns qualified property under  
25.4 clause (i) shall be classified as part of the owner's agricultural homestead, if that property  
25.5 is also used for noncommercial storage or drying of agricultural crops.

25.6 ~~(iv) As used in this paragraph, "agricultural property" means class 2a property and any~~  
25.7 ~~class 2b property that is contiguous to and under the same ownership as the class 2a property.~~

25.8 (c) Noncontiguous land shall be included as part of a an agricultural homestead under  
25.9 section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class  
25.10 2a and the detached land is located in the same township or city, or not farther than four  
25.11 townships or cities or combination thereof from the homestead. Any taxpayer of these  
25.12 noncontiguous lands must notify the county assessor that the noncontiguous land is part of  
25.13 the taxpayer's agricultural homestead, and, if the homestead is located in another county,  
25.14 the taxpayer must also notify the assessor of the other county.

25.15 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
25.16 holding a vested remainder interest in it must be classified as a an agricultural homestead  
25.17 under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class  
25.18 2a, any other dwellings on the land used for purposes of a homestead by persons holding  
25.19 vested remainder interests who are actively engaged in farming the property, and up to one  
25.20 acre of the land surrounding each homestead and reasonably necessary for the use of the  
25.21 dwelling as a home, must also be assessed class 2a.

25.22 (e) Agricultural land and buildings that were class 2a homestead property under section  
25.23 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
25.24 agricultural homesteads for subsequent assessments if:

25.25 (1) the property owner abandoned the homestead dwelling located on the agricultural  
25.26 homestead as a result of the April 1997 floods;

25.27 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or  
25.28 Wilkin;

25.29 (3) the agricultural land and buildings remain under the same ownership for the current  
25.30 assessment year as existed for the 1997 assessment year or are transferred to the spouse or  
25.31 surviving spouse of the current owner or a trust described in subdivision 1, paragraph (e),  
25.32 and continue to be used for agricultural purposes;

26.1 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles  
26.2 of one of the parcels of agricultural land that is owned by the taxpayer; and

26.3 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,  
26.4 and the owner furnishes the assessor any information deemed necessary by the assessor in  
26.5 verifying the change in dwelling. Further notifications to the assessor are not required if the  
26.6 property continues to meet all the requirements in this paragraph and any dwellings on the  
26.7 agricultural land remain uninhabited.

26.8 (f) Agricultural land and buildings that were class 2a homestead property under section  
26.9 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
26.10 agricultural homesteads for subsequent assessments if:

26.11 (1) the property owner abandoned the homestead dwelling located on the agricultural  
26.12 homestead as a result of damage caused by a March 29, 1998, tornado;

26.13 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,  
26.14 Nicollet, Nobles, or Rice;

26.15 (3) the agricultural land and buildings remain under the same ownership for the current  
26.16 assessment year as existed for the 1998 assessment year or are transferred to the spouse or  
26.17 surviving spouse of the current owner or a trust described in subdivision 1, paragraph (e);

26.18 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
26.19 one of the parcels of agricultural land that is owned by the taxpayer; and

26.20 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
26.21 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
26.22 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
26.23 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
26.24 are not required if the property continues to meet all the requirements in this paragraph and  
26.25 any dwellings on the agricultural land remain uninhabited.

26.26 (g) Agricultural property of a ~~family farm corporation, qualified family entity or joint~~  
26.27 ~~family farm venture, family farm limited liability company, or partnership operating a family~~  
26.28 ~~farm as described under subdivision 8~~ shall be classified agricultural homestead, to the same  
26.29 extent as other agricultural homestead property, if all of the following criteria are met:

26.30 (1) the property consists of at least 40 acres including undivided government lots and  
26.31 correctional 40's;

26.32 (2) a shareholder, member, or partner of that entity is actively farming the agricultural  
26.33 property in an individual capacity; on behalf of the qualified family entity or joint family

27.1 farm venture that owns the agricultural property; or on behalf of a separate joint family farm  
 27.2 venture or other business organization that is in compliance with or exempt from section  
 27.3 500.24, of which the person is also a shareholder, member, or partner;

27.4 (3) that shareholder, member, or partner who is actively farming the agricultural property  
 27.5 is a Minnesota resident;

27.6 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,  
 27.7 member, or partner claims another agricultural homestead in Minnesota; and

27.8 (5) that shareholder, member, or partner does not live farther than four townships or  
 27.9 cities, or a combination of four townships or cities, from the agricultural property.

27.10 Homestead treatment applies under this paragraph for property leased to a ~~family farm~~  
 27.11 ~~corporation, joint farm venture, limited liability company, or partnership operating a family~~  
 27.12 ~~farm~~ joint family farm venture or other business organization which is in compliance with  
 27.13 or exempt from section 500.24 even if legal title to the property is in the name of an  
 27.14 individual who is a member, shareholder, or partner in the entity.

27.15 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
 27.16 full application must be submitted to the county assessor in each county where the property  
 27.17 is located. Owners and the persons who are actively farming the property shall be required  
 27.18 to complete only a one-page abbreviated version of the application in each subsequent year  
 27.19 provided that none of the following items have changed since the initial application:

27.20 (1) the day-to-day operation, administration, and financial risks remain the same;

27.21 (2) the owners and the persons actively farming the property continue to live within the  
 27.22 four townships or city criteria and are Minnesota residents;

27.23 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

27.24 (4) the person actively farming the property or the entity on whose behalf the person  
 27.25 actively farmed the property filed a Schedule F or equivalent income tax form ~~was filed~~ for  
 27.26 the most recent year;

27.27 (5) the property's acreage is unchanged; and

27.28 (6) none of the property's acres have been enrolled in a federal or state farm program  
 27.29 since the initial application.

27.30 The owners and any persons who are actively farming the property must include the  
 27.31 appropriate Social Security numbers, and sign and date the application. If any of the specified  
 27.32 information has changed since the full application was filed, the owner must notify the

28.1 assessor, and must complete a new application to determine if the property continues to  
28.2 qualify for the special agricultural homestead. The commissioner of revenue shall prepare  
28.3 a standard reapplication form for use by the assessors.

28.4 (i) Agricultural land and buildings that were class 2a homestead property under section  
28.5 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
28.6 agricultural homesteads for subsequent assessments if:

28.7 (1) the property owner abandoned the homestead dwelling located on the agricultural  
28.8 homestead as a result of damage caused by the August 2007 floods;

28.9 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,  
28.10 Wabasha, or Winona;

28.11 (3) the agricultural land and buildings remain under the same ownership for the current  
28.12 assessment year as existed for the 2007 assessment year or are transferred to the spouse or  
28.13 surviving spouse of the current owner or a trust described in subdivision 1, paragraph (e);

28.14 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
28.15 one of the parcels of agricultural land that is owned by the taxpayer; and

28.16 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
28.17 floods, and the owner furnishes the assessor any information deemed necessary by the  
28.18 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
28.19 owner must notify the assessor by December 1, 2008. Further notifications to the assessor  
28.20 are not required if the property continues to meet all the requirements in this paragraph and  
28.21 any dwellings on the agricultural land remain uninhabited.

28.22 (j) Agricultural land and buildings that were class 2a homestead property under section  
28.23 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
28.24 agricultural homesteads for subsequent assessments if:

28.25 (1) the property owner abandoned the homestead dwelling located on the agricultural  
28.26 homestead as a result of the March 2009 floods;

28.27 (2) the property is located in the county of Marshall;

28.28 (3) the agricultural land and buildings remain under the same ownership for the current  
28.29 assessment year as existed for the 2008 assessment year or are transferred to the spouse or  
28.30 surviving spouse of the current owner or a trust described in subdivision 1, paragraph (e),  
28.31 and continue to be used for agricultural purposes;

29.1 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles  
29.2 of one of the parcels of agricultural land that is owned by the taxpayer; and

29.3 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
29.4 and the owner furnishes the assessor any information deemed necessary by the assessor in  
29.5 verifying the change in dwelling. Further notifications to the assessor are not required if the  
29.6 property continues to meet all the requirements in this paragraph and any dwellings on the  
29.7 agricultural land remain uninhabited.

29.8 (k) For purposes of this subdivision, "actively farming" means participating in the  
29.9 day-to-day management and operation of the farm and sharing in the financial risks, profits,  
29.10 and losses of the farming operation.

29.11 Subd. 17. **Owner-occupied motel property.** For purposes of class 1a determinations,  
29.12 a residential homestead includes that portion of property defined as a motel under chapter  
29.13 157, provided that the person residing in the motel property is using that property as a  
29.14 homestead, is part owner, and is actively engaged in the operation of the motel business.  
29.15 Homestead treatment applies even if legal title to the property is in the name of a corporation  
29.16 or partnership and not in the name of the person residing in the motel. The homestead is  
29.17 limited to that portion of the motel actually occupied by the person.

29.18 A taxpayer meeting the requirements of this subdivision must notify the county assessor,  
29.19 or the assessor who has the powers of the county assessor under section 273.063, in writing,  
29.20 in order to qualify under this subdivision for 1a homestead classification.

29.21 Subd. 18. **Property undergoing renovation.** Property that is not occupied as a homestead  
29.22 on the assessment date will be classified as a residential homestead or agricultural homestead  
29.23 if it meets each of the following requirements on that date:

29.24 (a) The structure is a single family or duplex residence.

29.25 (b) The property is owned by a church or an organization that is exempt from taxation  
29.26 under section 501(c)(3) of the Internal Revenue Code of 1986.

29.27 (c) The organization is in the process of renovating the property for use as a homestead  
29.28 by an individual or family whose income is no greater than 60 percent of the county or area  
29.29 gross median income, adjusted for family size, and that renovation process and conveyance  
29.30 for use as a homestead can reasonably be expected to be completed within 12 months after  
29.31 construction begins.

30.1 The organization must apply to the assessor for classification under this subdivision  
 30.2 within 30 days of its acquisition of the property, and must provide the assessor with the  
 30.3 information necessary for the assessor to determine whether the property qualifies.

30.4 Subd. 19. **Lease-purchase program.** Qualifying buildings and appurtenances, together  
 30.5 with the land on which they are located, are classified as residential homesteads or  
 30.6 agricultural homesteads, if the following qualifications are met:

30.7 (1) the property is leased for up to a five-year period by the occupant under a  
 30.8 lease-purchase program administered by the Minnesota Housing Finance Agency or a  
 30.9 housing and redevelopment authority under sections 469.001 to 469.047;

30.10 (2) the occupant's income is no greater than 80 percent of the county or area median  
 30.11 income, adjusted for family size;

30.12 (3) the building consists of one or two dwelling units;

30.13 (4) the lease agreement provides that part of the lease payment is escrowed as a  
 30.14 nonrefundable down payment on the housing;

30.15 (5) the administering agency verifies the occupant's income eligibility and certifies to  
 30.16 the county assessor that the occupant meets the income standards; and

30.17 (6) the property owner applies to the county assessor by May 30 of each year.

30.18 For purposes of this subdivision, "qualifying buildings and appurtenances" means a one-  
 30.19 or two-unit residential building which was unoccupied, abandoned, and boarded for at least  
 30.20 six months.

30.21 Subd. 20. **Additional requirements prohibited.** No political subdivision may impose  
 30.22 any requirements not contained in this chapter or chapter 272 to disqualify property from  
 30.23 being classified as a residential homestead or agricultural homestead if the property otherwise  
 30.24 meets the requirements for homestead treatment under this chapter and chapter 272.

30.25 Subd. 21. **Trust property; homestead.** Real or personal property held by a trustee under  
 30.26 a trust is eligible for classification as residential homestead property or agricultural homestead  
 30.27 property, as applicable, if the property satisfies the requirements of paragraph (a), (b), (c),  
 30.28 or (d).

30.29 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the  
 30.30 property as a homestead.

30.31 (b) A relative or surviving relative of the grantor who meets the requirements of  
 30.32 subdivision ~~1~~ 1b, paragraph ~~(e)~~ (a), in the case of residential real estate; or subdivision 1,

31.1 paragraph ~~(d)~~ (b), in the case of agricultural property, occupies and uses the property as a  
31.2 homestead.

31.3 (c) A ~~family farm corporation, joint farm venture, limited liability company, or partnership~~  
31.4 ~~operating a family farm~~ joint family farm venture or other business organization that is in  
31.5 compliance with or exempt from section 500.24, in which the grantor or the grantor's  
31.6 surviving spouse is a shareholder, member, or partner rents the property; and, either (1) a  
31.7 shareholder, member, or partner of the ~~corporation, joint farm venture, limited liability~~  
31.8 ~~company, or partnership~~ joint family farm venture or other business organization that is in  
31.9 compliance with or exempt from section 500.24 occupies and uses the property as a  
31.10 homestead; or (2) the property is at least 40 acres, including undivided government lots and  
31.11 correctional 40's, and a shareholder, member, or partner of the tenant-entity is actively  
31.12 farming the property on behalf of the ~~corporation, joint farm venture, limited liability~~  
31.13 ~~company, or partnership~~ tenant-entity.

31.14 (d) A person who has received residential homestead or agricultural homestead  
31.15 classification for property taxes payable in 2000 on the basis of an unqualified legal right  
31.16 under the terms of the trust agreement to occupy the property as that person's homestead  
31.17 and who continues to use the property as a homestead; or, a person who received the  
31.18 residential homestead or agricultural homestead classification for taxes payable in 2005  
31.19 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
31.20 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
31.21 in 2005.

31.22 For purposes of this ~~subdivision~~ section, "grantor" is defined as the person creating or  
31.23 establishing a testamentary, inter vivos, revocable or irrevocable trust by written instrument  
31.24 or through the exercise of a power of appointment.

31.25 Subd. 22. **Annual registration of certain relative homesteads.** If the owner of property  
31.26 or the owner's relative who occupies property that is classified as a residential homestead  
31.27 under subdivision 1, paragraph ~~(e)~~ (a), receives compensation for allowing occupancy of  
31.28 any part of that property for a period that exceeds 31 consecutive days during the calendar  
31.29 year, the recipient of the compensation must register the property with the city in which it  
31.30 is located no later than 60 days after the initial rental period began. This requirement applies  
31.31 to property located in a city that has a population over 25,000. Each city must maintain a  
31.32 file of these property registrations that is open to the public, and retain the registrations for  
31.33 one year after the date of filing.